CIO Objective – C.3

Develop a partnership service outreach plan, for ITIB approval, directed toward lowering overall unit costs by expanding our service offerings beyond Executive Branch Agencies by end of 3rd quarter 2008.

Executive Summary

While the VITA-Northrop Grumman partnership is transforming the existing IT environment, we will be positioning to offer services and products beyond the current mandated Executive Agency customer base.

While we have penetration into all segments, the primary service used today is through our enterprise IT contracts. Our desire is to expand our service penetration through the offering of infrastructure services, telecommunication services and E-911/GIS services, while continuing the use of our enterprise IT contracts.

Our strategy is to move forward cautiously, ensuring that our existing customer base is well satisfied before we engage prospective new markets with new offerings. We will stage our actions as follows:

> **FY09-10**
> In consideration of the transformation effort, selectively package and price those service/products that are operationally viable. Develop those operational tools necessary to track our performance.

> **FY10-11**
> Develop an online catalog ordering capability and financial targets for those markets we consider most attractive. Form a users group from those markets we envision serving to help guide our direction.

> **FY12-14**
> Strive to expand our service/product offerings and market to our strengths. Focus on those areas that bring the most value for the Commonwealth as a whole.

Partnership Outreach Plan

Once the Executive Branch Agencies have been successfully transformed to the new IT environment, the challenge facing the VITA – Northrop Grumman partnership will be to leverage the business beyond the existing customer base. While one of the benefits of such activities will be to lower overall unit costs, other potential benefits include improved disaster recovery options, improved security, improved E-911 capabilities, and potentially, new services and products.

The broad product/service families offered by the partnership include the following;

1. Infrastructure services (inclusive of disaster recovery)
2. Telecommunication services
3. Enterprise IT contracts
4. E-911 / GIS
5. Security
6. Project management
7. Video production

While these are available, only infrastructure services, telecommunication services, enterprise IT contracts and E-911 / GIS are believed to be viable in the market. Security and project management are more related to governance roles, and our video projection capability is too small to be a marketable service.

Our potential markets size can be represented by the following chart;

Existing and Potential Service Area Customer Base

Customers	Served	Potential
Transitioned state agencies	102	109
Out-of-scope agencies	18	21
Other public entities (schools, authorities, commissions, etc.)	214	500
Localities	151	316
Institutions of higher education	17	39

Even though the objective is to expand services beyond the Executive Branch Agencies, the partnership will primarily view business growth from two perspectives:

- **Extension**
    1. *Sell existing product into existing markets*
    2. *Sell existing product into new markets*
- **Expansion**
    1. *Sell new product into new markets*
    2. *Sell new product into existing markets*

An additional facet of our business, beyond growing our customer base and performing more work for them, is ***creating value and accountability for how public funds are spent on technology***. In many cases, we will have the opportunity to "spend a little" and "generate a lot" of savings or cost avoidance for those we serve. We should focus not only on growing our business (growth in technology usage is indicative of increased efficiencies), but on enabling more effective processes. These opportunities should be sought and tracked and viewed as a benefit generated by the partnership.

- **Value Driven Growth**

  1. ***Sell existing and new technology based solutions that target high-value returns for our existing customers***
  2. ***Sell existing and new technology base solutions that target high-value returns for potential new customers.***

Partnership growth, whether from existing or new markets should have a positive impact toward lowering unit costs. Toward that end, we will monitor growth of both existing and new markets.

Our experience in new markets has led us to conclude we should have a better chance of initial success if we focus on the following products and services:

1. Disaster recovery services (within the infrastructure services family)
2. Enterprise IT contracts
3. E-911 / GIS services

While we will construct a service catalog that avails all existing products and services to our markets, we believe competition and lack of pricing flexibility create challenges to success.

Our enterprise IT contracts have been attractive to localities and education markets in the past and should continue to be so. We will work toward expanding this part of the business in order to generate larger volume for our existing contracts and work with VEAP to determine what additional enterprise products and services are of interest to the market.

E-911 / GIS are services with yet to be determined potential. The E-911 market is evolving to shared services. The challenge is to leverage our position with GIS, new telecommunications technologies and shared services to bring greater value to the market.

Marketing Strategy

Success will be highly dependent upon credibility, competitive products/prices and superior service. We will have to be perceived as better than alternatives, particularly in the out-of-scope markets, in order to be successful. The VITA business model must be sustainable, must generate sufficient revenues to support growth strategy and objectives, and must satisfy the requirements placed on VITA by the stakeholders, including legislative bodies, the Executive Branch, ITIB, government regulatory authorities, industry partners and other customers. We will strive to achieve the following;

1. **Working with our customers to understand their business requirements** *(what they want)*

2. **Considering both the Commonwealth's current technology portfolio and its strategic direction** *(where we are and where we're going)*

3. **Collaborating with our customers to expedite projects and obtain the best possible value by addressing issues -- and opportunities -- sooner rather than later** *(how we can best work together)*

4. **Working with stakeholders to prioritize and select technology investments that optimize benefit to citizens within the Commonwealth** *(what do we do first and gives the Commonwealth the most value)*

5. **Seeking continuous improvement, evaluating both existing IT investments and new technologies to more effectively meet increasing business demands** *(indicates we're in this together for the long haul)*

This understanding will lead us to develop our strategies for ultimately expanding services and products to out-of-scope customers and lowering unit costs for all that procure from us.

Product Strategy

- Provide competitive, technologically current products
- Prices must be competitive
- Superior service
- Offer more than just "computing utility" service
- Provide information for tracking, invoicing and audit control

Sales Strategy

- Leverage CAMs with Northrop Grumman sales force and select organizations and associations
- Align with high-profile customers to promote our services/products
- While we want "annuity" sales, sell solutions that promote benefits regardless of scope (value-driven growth)
- Initiate user group meetings to solicit feedback about VITA perception
- Use variety of tools to reach our markets -- trade shows, direct mail, Internet, telemarketing, personal sales, newsletters (one slanted to customers, another slanted to chief financial officer, agency head)

Growth Strategy

- New market focus (prospect for those currently underserved)

- New products (alliances with Northrop Grumman and, potentially, other vendors)
- Product pricing/packaging
- Leverage enterprise solutions

Competition

- Resistance to change and "invented here" tendency
- Commercial vendor solutions
- Political environment

Action Plan

FY09-10

1. Determine what we actually can package, price and deliver as a service/product before we begin to market our capabilities. Priming the market before we understand what we can competitively deliver is a sure way to lose credibility. Since our partnership is public/private, it will most likely be viewed as government selling to government. This will place even more importance on transparency and competitiveness.
2. Develop metrics that reveal the true story of our successes with the Executive Branch Agencies regardless of the political environment and surveys that may reflect a different view of our performance
3. In consideration of transformation activities and the importance of meeting our mandated customer base expectations, ensure we are performing for them before bringing on new customers.
4. Share the partnership story through the media and organizations and associations.
5. Develop an information network through contacts that keep us informed as to what our prospective market(s) most likely will strive to do both short and longer term.
6. Develop financial reporting that will enable us to track our marketing impact relative to revenue growth.

FY10-11

1. Deliver an online catalog ordering capability for those products and services we deem appropriate to market to expansion markets.
2. Develop financial targets for these products and services, coupled with a sales strategy for meeting the targets.
3. Monitor prospective markets to determine what they want that we can competitively provide.
4. Form a users group from the various potential markets we envision pursuing to help us with product/service direction.

FY12-14

1. Using the information gleaned from our previous experiences, strive to expand our service/product offerings.
2. Market to our strengths, focusing on those areas that bring the most value for the Commonwealth as a whole.